

FISCAL NOTE

SB 1142 - HB 1794

February 28, 2005

SUMMARY OF BILL: Changes the allocation of multiple state taxes from the state's general fund to the Department of Economic and Community Development (ECD), where it shall be used to encourage and support efforts to improve the efficiency and effectiveness of local government services and administration, by developing a program of local government modernization grants. Requires ECD to provide technical assistance to joint economic and community development boards.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues - \$17,260,000

Increase Local Govt. Revenues - \$16,670,000

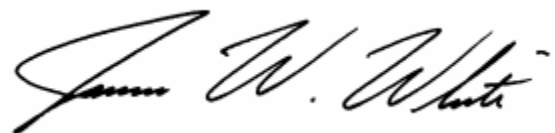
Other Fiscal Impact – Enactment of this bill would cause a shift of approximately \$17,260,000 from the general fund to ECD where it shall use such funds to develop a program of local government modernization grants. Approximately \$590,000 of this total amount will be used to pay increased administrative costs to ECD and the remainder (\$16,670,000) will be spent on modernization grants, ultimately benefiting local governments.

Assumptions:

- Based on FY04 distributions, approximately \$17.26 million would be reallocated from the general fund to ECD, where these funds would ultimately be used to benefit local governments through local government modernization grants.
- The \$17.26 million reallocation consists of \$245,000 from liquor tax, \$809,000 from liquor-by-the-drink tax, \$143,000 from beer tax, \$740,000 from excise tax, \$15,304,000 from sales tax, and \$19,000 from severance tax.
- Ten new positions (one *Grants Analyst* 3 position and nine *Community Program Planner* positions) required for ECD to implement program.
- ECD administrative costs estimated to increase approximately \$590,000 for ten new employee salaries and benefits.
- Approximately \$16.67 million left to fund local government modernization grants.
- Increase in local government revenues are estimated as \$16.67 million (\$17.26 million - \$590,000 ECD administrative costs = \$16.67 million).

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director